

VETO OF APPROPRIATIONS.

Executive Office, State of Texas,

AUSTIN, April 22, 1879.⁴¹

To the Honorable Senate of the State of Texas in session assembled:

Gentlemen: I have approved the bill entitled "An Act to make appropriations for the support of the State government for the years beginning March 1, 1879, and ending February 28, 1881," which originated in the Senate and passed both houses of the Legislature at the present session, with the exception of the following items of appropriation, which I do not and have not approved, and which are respectfully returned to your honorable body with my objections to such items becoming a law as part of said bill, the said items not approved being as follows, to wit:

1. Under the head "educational department" the following item of appropriation, to wit: "The entire available school fund annually derived from all sources, including the poll tax and one-fourth of the general revenue, is hereby set aside annually for the support of the public free schools."

And the items under the head of treasury department, as follows, to wit:

⁴¹*Senate Journal*, 1036-1040.

	Year Ending	
	Feb. 29, 1880.	Feb. 28, 1881.
For interest and public debt.....	\$400,000	\$400,000
For sinking fund of public debt to be invested in		
State bonds	100,000	100,000

I do most sincerely regret that a sense of duty requires me to withhold my approval of the said items of said bill. The first named item upon which it is publicly known that both houses were equally divided, except one vote in each house, I disapprove, because it imposes a tax on the people greater than they can bear, and at the same time furnish the means to support an efficient and economical government. The other two items I am constrained to not approve, because if the law relating to the collection of taxes and to common schools shall remain as they are now, devoting the first item, as it is collected, to a special fund; the last two items, being collected as general revenue, can be and will be absolutely needed to be used in defraying the necessary expenses of the State government. The reasons inducing my action in this matter cannot be fully appreciated without a recurrence to the history of the State government since the reconstruction in 1870. Upon the occurrence of that event in Texas, it should be recollected that a magnificent government was set up in this State, with high salaries, large expenditures in fees of offices, and in every department of the government, including public schools and frontier protection. At that time there was plenty of money in the country; labor was remunerated with high wages; production was paid high prices. It was not singular that miscalculations should have then been made as to the ability of the people to sustain such a government by those then administering public affairs in this State. At the end of four years, upon a change of administration, it was found that (as since ascertained and reported by the Comptroller) the State had incurred a debt of over four millions of dollars, much of which was a floating debt, not reduced to interest bearing bonds. The credit of the State was low, and warrants were low. At once an effort was made to meet these debts, and to restore the credit of the State. It was necessarily done at a sacrifice of means. An effort was made to push back a receding frontier, which required heavy outlays of money that have resulted in extending it one hundred miles or more. An effort was made to curtail superfluous expenses generally, which, when once established, is always difficult of accomplishment, as those receiving the benefit of it are slow to give it up for the public good. Much, however, was done in that regard. In 1875 the convention to frame a new Constitution

adopted measures of retrenchment, limitations and reforms, whose full scope has never yet been fully appreciated and acted on, in reference to the finance of the State, as I will presently bring more obviously to view. Efforts were made under this Constitution to retrench the expenses of the government, and to increase the efficiency of the actual government of the country. The necessary means to attain these objects to have themselves entailed additional expenses over and above the ordinary expenses of carrying on an economical government. It should be borne in mind as a most important fact, that during all this time, for the last five years, the circulating medium of the country has been constantly and gradually diminished, so that labor and protection have received less and less remuneration, and the burdens of the expenses of the government have been proportionally increased, and thereby the measures of retrenchment and reform have not been felt as they otherwise would have been; and hence, also, miscalculations in regard to the effect of measures have been made by previous Legislatures, who have doubtless acted in good faith in promoting the best interest of the country by their action. Entertaining this view of the subject, I have in my inaugural and messages to the Legislature at its present session endeavored to present to you, and to the people of the State, the true condition of the country as it now exists, the difficulties in which we are involved, and the way out of those difficulties as best I could, without any reflection whatever upon any officer or legislative body heretofore engaged in the administration of the State government, deeming that they have done whatever patriotism and public duty required of them for the time, according to their best judgment.

It is hardly necessary to call your attention to the fact that finding a large deficiency of public debts, now estimated at over one-half a million of dollars, already incurred, and large excess of expenses over current annual revenue, I recommended a cutting down of the expenses generally in everything, without such a diminution as to produce an embarrassing shock in any department of the government, but sufficiently so that the annual revenue should be equal to the current expenses, and also to provide the means, as far as practicable, for the payment of the outstanding debts creating the deficiency. The present Legislature have been most industriously and laboriously employed, not only in numerous local, sectional and amendatory measures, but also in carrying out this policy by reducing salaries and curtailing expenditures in different objects—both pensions and frontier and police expenses being cut down—not that I recommended it so much, perhaps, as from their own convictions of its obvious necessity under existing circumstances. Upon two leading subjects of expense

there has been as yet no change in the course of legislation, which are in the appropriations of one-fourth of the entire State revenue for the support of the common schools (amounting as estimated to \$400,000), and the appropriation for the payment of the interest of the bonded debt of the State and the sinking fund annually set apart to pay the same (amounting to nearly \$500,000 more), making in the aggregate nearly \$900,000 taken first out of the \$1,600,000 net revenue of the State, as it is estimated by the Comptroller, and which leaves only about \$700,000 with which to defray the current expenses necessarily incurred in the administration of the actual government of the State. That amount is not only not enough, as is shown by this appropriation act, but its deficiency is greatly increased by its postponement to the other two leading and principal appropriations, that are favored by the preferred payment of them under existing laws. This preference given to these large appropriations, though for objects constituting the mere incidents of government, and not the expenses absolutely necessary to carry on the actual government itself, constitute the continual clog and derangement of our whole financial system, and will continue to do so as long as it is allowed to continue.

To illustrate the combined operation of these two clogs, as they operate together practically, the assessors of taxes, shortly after the first of this year, commenced assessing the taxes on property in the hands owning it on the first day of January last, including an enumeration of the scholastic population; on or about the first of September the rolls will be returned to the Comptroller's office, showing the probable amount of revenue to be collected for the year, and the scholastic population; when the board of education will set apart to, and give orders for each county its proportion of the one-fourth of the revenue (which last year in one hundred and thirty-five counties of the State, amounted to largely over one-fourth of all the taxes collected in those counties). The tax collector will then proceed to collect the taxes and pay into the county treasury all the taxes he collects, until that amount is paid, by which but little, if any money is sent by him to the treasury at Austin until after the first of next January. This is not all. From the first of July the Treasurer of the State, having just paid one installment of interest of nearly \$200,000, which he has been saving for that purpose, is required by law to hoard up a similar amount for payment on the first of January, and if he regularly reserves and sets aside or invests the sinking fund semi-annually, that is, \$100,000 more, so that in about one-half of the year about \$900,000 will be appropriated to these two preferred claims, draining the treasury of means during that

whole time, to pay the current expenses of the actual government of the country. The consequence must be that the treasury warrants, issued during that time to all of the officers and employes of the government, and to defray the expenses of the frontier and police service, and of the asylums, must be put upon the market and sold at a ruinous discount, or if those for expenses of the frontier and of the asylums should not be sold, articles and supplies would be purchased by them at a corresponding loss, which amounts to the same thing. It is easy to perceive from this statement, which is sufficiently accurate for illustration, that if the \$700,000 left was sufficient to meet all of the expenses at the end of the year, the treasury warrants, during a large portion of the year, would be sold at a discount, and if a recurring deficiency from year to year is entailed upon us, we may reasonably anticipate that treasury warrants will generally be the subject of speculation, as they have been heretofore very often and unavoidably so, under this system of finance. It does no good to complain, that capitalists do, and will speculate in these warrants, when the opportunity is offered fairly to do it. The fault or misfortune is in allowing the opportunity, if it can be avoided. The Constitution of 1876 sets up barriers against the powers of the State government on the subject of finance, which confine it to certain well defined limits and sphere of action. On the one hand, it cannot levy State taxes exceeding fifty cents on the one hundred dollars, except to pay the interest on the public debt. On the other hand it cannot create a debt at any one time for casual deficiencies, over two hundred thousand dollars. Money in the treasury or to come into the treasury by the operation of a law constituting it a special fund, cannot be used for any other object, and is thereby abstracted from the general revenue. By these restrictions, the government is required to limit all of its expenses, except the interest on the public debt, within the amount of revenue raised by taxes, not exceeding fifty cents on the one hundred dollars. If the said expenses exceed that amount, our bonded debt must be increased from time to time, limited to two hundred thousand dollars at any one time; and if the deficiency is greater than that amount, as it is now, something else must be resorted to for relief.

The course of legislation has placed another restriction upon the action of the Legislature, by placing in the law regulating common schools and in the law for the collection of taxes, a provision that one-fourth of the revenue and one dollar poll tax shall be assessed and collected for the support of common schools, thereby making it, when collected, a special fund for that purpose; that, as it is believed, is neither required nor contemplated by the Constitution,

which says that "there shall be set apart annually not more than one-fourth of the general revenue and a poll tax of one dollar for the benefit of the free common schools." To carry out the obvious intention of this provision, whatever amount is set apart should be collected as general revenue. And then in making annual appropriations, so much could be set apart within the prescribed limit, as could be spared for that purpose at the time of making the appropriation. Whereas under the present plan of designating it, as a fund when collected, the Legislature at each succeeding session will be restricted to using it as such, however ill-able it can be spared in carrying on and defraying the current expenses of the government, of which we have had a most notable instance in the appropriation of \$600,000 for common schools, making in all for the scholastic year \$900,000.

In the effort at retrenchment, the salaries and compensation of numerous officers and employes of the government have been diminished. The school masters of common schools are not more deserving than they are, either as individuals or as a class.

The prime object of levying taxes is the necessity of supporting an efficient government and of paying the officers and employes who administer, support and maintain it by their labor and means. The public support of free common schools is a secondary object compared to the administration of the government; so also, is the payment of interest on the public debt, however desirable it may be for both of these things to be done. If the condition of the country is such as that taxes cannot be collected sufficient for all of these purposes at any one time, the actual government should first be maintained rigorously and efficiently, and the other objects should have devoted to them what could be spared from the revenue after defraying the necessary expenses of an economical administration. Such is the practice, as it is believed, of all other governments in this whole country except that of Texas, and should be so here.

It is now obviously certain, as I believe, that the expenses provided for in the present appropriation act will exceed the revenue that will be collected, if one-fourth of it is appropriated to common schools unless there is a special tax levied over and above that of fifty cents on the one hundred dollars. And that presents the issue squarely of more taxes on the people or less pay to common school masters. Should the Legislature see proper to repeal the restrictions in the tax law and school law that have been referred to, and appropriate so much of the revenue as can now reasonably be spared from the current expenses in administering the government of the State, it, with the interest derived from the bonds belonging to the

fund, will give such aid to the schools as the country is now able, without increasing taxation, which is not now practicable, and will leave the succeeding Legislature free to do on this subject whatever their duty may then require, under the condition of the finances of the State at that time.

Should the Legislature choose to continue this large appropriation, or to continue in force the laws tying it up as a special fund, then the only resource is to use the revenue that would pay the interest on the public debt in defraying the necessary expenses in carrying on the actual government. And this necessity presents squarely the issue of repudiation for a time or less pay to common school masters. It may be a deplorable alternative, involving loss of good credit to ourselves and inconvenience to our creditors. They will understand the small size of our public debt, compared to our prospective resources and capacity to pay ultimately; they may even feel more secure ultimately, if, by the use of the interest for a time, these exorbitant appropriations, beyond the capacity of the country to pay can be stopped. And if the worst must come, it is better that we should not have good credit, if it is to be made the reliance for increasing the debt, increasing the taxes, and increasing the prospect continually of ultimate bankruptcy to the State or impoverishment of its people.

With no public lands sold to extinguish or diminish the public debt, with the school lands not put upon the market so as to increase rapidly the common school fund, and with such enormous appropriations for the benefit of teachers continued from year to year, the prospect before us is to continue to pile up deficiency upon deficiency, and thereby increase perpetually our public debt until it shall reach an amount that will be repudiation in fact, or burden the people with onerous taxes, leaving Texas all the time with a crippled and inefficient State government for the want of adequate means to defray the necessary expenses of it. Such a destiny should now be averted while it can be safely done.

O. M. ROBERTS, Governor.

VETO OF APPROPRIATIONS.

Executive Office, State of Texas,

AUSTIN, April 23, 1879.⁴²

To the Honorable Senate of Texas, in Session assembled:

Gentlemen—I hereby transmit to you the statement appended by

⁴²*Senate Journal*, 1035-1036.

me to a bill (No. 130) to be entitled "An act to make appropriation for the support of the State government for the years beginning March 1, 1879, and ending February 28, 1881," which statement, with a copy of the items objected to by me, is to the following effect, in words and figures, as in the following copy, to wit:

"April 23, 1879. I hereby approve this bill, with the exception of the following items thereof, which I do not approve, to wit:

"Under the head of 'education department,' the following item of appropriation, to wit:

" 'The entire available school fund annually derived from all sources, including the poll tax and one-fourth of the general revenue, is hereby set aside annually for the support of public free schools.'

"And the items under the head of 'treasury department,' as follows, to wit:

	Year ending	
	Feb. 20, 1880.	Feb. 28, 1881.
For interest on public debt.....	\$400,000	\$400,000
For sinking fund of public debt, to be invested in State bonds.....	100,000	100,000

"These items of said bill (No. 130) I do not approve, and return the said items with this statement to the Senate, in which house this bill originated, accompanied by a message containing my objections to the said above quoted items becoming a law as part of said bill." Which statement and copy of said items not approved are respectfully submitted.

O. M. ROBERTS, Governor.